

## REQUEST FOR APPROVAL

**To:** Scott Smithline  
Director

**From:** Howard Levenson  
Deputy Director, Materials Management and Local Assistance Division

**Request Date:** September 20, 2016

**Decision Subject:** Approval of Annual CalRecycle Architectural Paint Stewardship  
Administrative Fees, July 1, 2015 – June 30, 2016

**Action By:** September 30, 2016

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### **Summary of Request:**

Staff requests approval of the Annual CalRecycle Architectural Paint Stewardship Administrative Fees for the period of July 1, 2015 – June 30, 2016, as directed by the architectural paint stewardship law (Chapter 5, Statutes of 2010 [Huffman, AB 1343], Public Resources Code §§ 48700 - 48706) and § 18958 of Title 14 of the California Code of Regulations.

### **Recommendation:**

Staff recommends approval of the Annual CalRecycle Architectural Paint Stewardship Administrative Fees as meeting statutory and regulatory requirements.

### **Action:**

On the basis of the information, analysis, and findings in this Request for Approval, I hereby approve the Annual CalRecycle Architectural Paint Stewardship Administrative Fees of \$403,490.06 for the period of July 1, 2015 – June 30, 2016.

**Dated:** 9/21/16

  
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Scott Smithline, Director

## **Background Information:**

Assembly Bill 1343 (Chapter 5, Statutes of 2010) established the second mandatory, industry-led architectural paint stewardship program in the country. Pursuant to AB 1343, it is the responsibility of the Department to approve or disapprove architectural paint stewardship plans submitted by architectural paint manufacturers or their designated stewardship organization, review annual reports and adopt a finding of compliance or non-compliance, and provide oversight and enforcement to ensure a level playing field among architectural paint manufacturers. Architectural paint manufacturers and/or stewardship organizations must pay CalRecycle an administrative fee to cover the Department's costs related to these responsibilities.

AB 1343 specified that administrative fees were to be paid annually. Senate Bill 96 (Chapter 356, Statutes of 2013) subsequently modified this payment structure to require a stewardship organization to pay these fees to CalRecycle quarterly. However, Public Resources Code § 18958 (a) states that the Department director, or his/her delegated authority, shall approve the annual administrative fee described in AB 1343 for the full administration and enforcement costs at a public meeting that will occur no later than September 30 of each year. In order to comply with the regulations requiring annual approval of administrative fees at a public meeting, the Department has totaled the fees that were billed to PaintCare for quarters one through four of CalRecycle's fiscal year 2015-16. Accordingly, the total fee reflects the Department's actual costs to administer and enforce the Architectural Paint Recovery Program for the period from July 1, 2015 through June 30, 2016. The Department's administrative fee includes the cost of staff, overhead expenses applicable to staff, contract services, and other expenses incurred in administering or enforcing the program.

## **Analysis:**

### Administrative Fee Total

The total administrative fee for the period of July 1, 2015 – June 30, 2016 is \$403,490.06

### Summary of CalRecycle Activities

CalRecycle tracked the hours each staff person spent on activities related to the implementation of the Department's responsibilities under the law. These activities include:

- Monitoring PaintCare program implementation;
- Coordination with PaintCare to effectively implement the Architectural Paint Recovery Program, including regularly-scheduled coordination meetings and phone and e-mail communications;
- Development of compliance and enforcement procedures to effectively enforce the Architectural Paint Recovery Program law;
- Site visits and inspections to paint retailers and other program participants; development of inspection reports;
- Maintenance of paint stewardship program-related webpage content, including regular posting of registered paint manufacturer and brand lists;
- Communication with stakeholders via meetings, phone calls and e-mail inquiries, etc.;

- Administration (e.g., tracking and documentation of staff hours).

CalRecycle costs are comprised of percentages of various staff time from the Department's Materials Management and Local Assistance, Information Technology, Administration, Waste Evaluation and Enforcement, Audits, and Legal programs. CalRecycle staff have reviewed the administrative fees per the requirements of the statute and regulations, and found that they conform to those requirements. Staff therefore recommends approval of the annual administrative fees summarized above.

